

DEPARTMENT OF THE ARMY  
HEADQUARTERS, UNITED STATES ARMY MATERIEL COMMAND  
5001 EISENHOWER AVENUE, ALEXANDRIA, VA 22333-0001

AMC REGULATION  
NO. 740-27

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Storage and Supply Activities

AMMUNITION INVENTORY AND ACCOUNTABILITY

Issue of supplements to this regulation is prohibited without prior approval from Commander, HQ AMC, AMCAM-LG, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

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## CHAPTER 1

## GENERAL

1-1. Purpose. This regulation prescribes U.S. Army Materiel Command (AMC) policy and establishes responsibilities, performance objectives, and reporting requirements pertaining to the physical inventory, audit/match, research of discrepancies, and inventory quality control of ammunition, ammunition components, explosives, and toxic chemical wholesale stocks stored at AMC depots and depot activities, and wholesale stocks stored at AMC arsenals, depots, and plants. Retail stocks are covered under AR 710-2, Management of Stocks Below the Wholesale Level.

1-2. Scope. This regulation applies to Headquarters (HQ), AMC; AMC major subordinate commands (MSC) (including subordinate installations and activities) to include accountable supply distribution activities (ASDA), plants, and arsenals. U.S. Army Test and Evaluation Command (TECOM) is exempt of Toxic Chemical Munitions and Bulk Agents (TCM/BA). For the purpose of this regulation, the terms storage depots, depot activities, plants, and arsenals hereinafter are referred to as "depots." Applicable commodities to this regulation are ammunition and explosives, related components, and toxic chemicals.

1-3. Explanation of terms. In addition to the definitions in AR 735-5 and AR 725-50 the following terms apply:

a. Location reconciliation. The location reconciliation (hereinafter referred to as "audit/match") is a comparison of depot and ASDA master data records (MDR). Its purpose is to--

(1) Identify discrepancies in selected item data elements for stock numbers on depot and ASDA MDRs and to identify stock numbers for which a positive balance is recorded on one MDR but not on the other.

(2) Identify potential quantitative mismatches by stock number, ownership for ammunition, and condition code, between depot and ASDA MDRs. These mismatches include record/no record situations as well as quantitative variances.

b. MDR.

(1) At Industrial Logistics System (ILGS) (formerly SDS) depots, the MDR consists of the Depot Stock Number Master Data Record (DSNMDR) (SAM001), the Installation Supply Accounting

Master Data Record (ISAMDR) (IAM004), and the Ammunition Lot File (ASM001). These files contain current catalog data and custodial record balances by condition code within ownership for Single Manager for Conventional Ammunition (SMCA) items stored at AMC depots.

(2) At ASDA, the MDR is the National Stock Number Master Data Record (NSNMDR) and contains data pertaining to all items of supply for which an ASDA is assigned inventory management responsibility, or is recorded as having user interest. These data include former, current, and future catalog data, and accountable balances by depot location.

c. Materiel release denial (MRD). A transaction forwarded to the ASDA by the storage depot/activity when there is insufficient stock in condition requested to satisfy a materiel release order (MRO). The MRDs are placed in one of two categories, as follows:

(1) In-line denial. A transaction forwarded to the ASDA by the storage depot/activity when the depot/activity records shows an insufficient quantity to satisfy all or part of an MRO quantity.

(2) Warehouse denial. A transaction forwarded to the ASDA by storage depot/activity when the depot/activity records show a sufficient quantity to satisfy all or part of an MRO quantity, but a check of the storage location reveals less stock than indicated on the depot/activity record when the MRO was processed.

d. Mission stock. Stock in depot storage and owned by a national inventory control point/service item control activity (ASDA/SICA) as opposed to stock owned by activities at the installation supply account (ISA) level.

e. Retail stock. Stocks in depot storage owned by the ISA activity (depot property).

f. Ammunition order of merit listing (OML) known as the Inventory Status Report (ISR). A listing of stock numbers, either in a computer file or on hard-copy listing, in a sequence or grouping to indicate the relative MRO activity (number of MROs processed) or other prescribed criteria as a basis for determining the priority sequence for the inventory of each item.

g. Summary balance. An item balance summarized by stock number and condition code as of a predetermined point in time for the purpose of comparing custodial and accountable record balances. When the comparison is between custodial and

accountable record balances, the summarization is also by owner routing identifier code (RIC) and ownership code for SMCA-managed items.

1-4. Policy. a. General.

(1) Deviations from the policy and procedures prescribed in this regulation are prohibited without prior approval of HQ AMC. Request for waiver should be directed to the Commander, HQ AMC, AMCAM-LG, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

(2) Industrial Operations Command (IOC); HQ, U.S. Army Missile Command (MICOM); HQ, U.S. Army Chemical and Biological Defense Command (CBDCOM); ASDAs and depots will implement the provisions of this regulation. If a waiver to any portion of this regulation is necessary, it must be forwarded to the proponent, with full justification, within 30 days of publication.

(3) The HQ AMC, USAMC Logistics Support Activity (LOGSA), IOC, USAMC Central Systems Design Activity (CDSA), Systems Integration Management Activity (SIMA-EAST and WEST), and each ASDA/depot will designate an inventory coordinator and an alternate, and will provide names, telephone numbers, data fax numbers, E-Mail addresses, and organization symbols to USAMC LOGSA upon request. The USAMC LOGSA will request this information semiannually and publish the inventory coordinators list in October and April. The individuals named will be the primary POC for inventory operations and will be authorized to coordinate, respond, resolve problems, and initiate corrective actions within and on behalf of activity concerned. The chief of the inventory activity at ASDA and depots will normally be assigned as the inventory coordinator.

(4) Inventory registers, records, files, listings of data, count cards, reconciliation listings, research documentation, etc., will be retained per AR 25-400-2. The retention of records for toxic chemical munitions (TCM) and bulk agents (BA) is outlined in paragraph 3-3g.

(5) The ASDAs will run the physical inventory programs a minimum of three times per week when there are input data to be processed. Depots will run daily as part of the regular ILGS (formerly SDS) process.

(6) Personnel assigned to inventory functions will be highly trained and proficient in inventory skills. Newly assigned personnel will be provided with formal training through

the standard inventory/supply courses developed by the U.S. Army Defense Ammunition Center and School (USADACS).

(7) Each current stock number in the Army Master Data File (AMDF) will be assigned an inventory category code (ICC). These codes will be assigned, as specified in AR 708-1 and AR 740-26, by ASDAs for each item for which they are the integrated manager or the SICA, and the broadcast in, and updated through, the AMDF, Army SICAs are responsible for assigning ICCs to those items for which they are the Army retail manager.

(8) Storage depots will establish and maintain custodial balance records for all stocks stored, to include updating through storage item data change actions and recording receipt, issue, and adjustment transactions. Materiel held on local depot accounts must be recorded on an accountable record and records maintained per AR 735-5. Interservice Support Agreements (ISSA) and Memoranda of Understanding/Agreement must clearly outline accountability requirements.

(9) Supply documents rejected during processing will be corrected locally whenever possible, and reentered for processing not later than (NLT) one workday following the date rejected. The rejected documents that cannot be corrected locally will be returned to the originating activity within one workday following the date rejected, with an explanation of the reason it is being returned.

(10) Adjustments resulting from inventories will be posted to accountable records and custodial records per AMC-R 710-1 and this regulation.

(11) The Deputy Chief of Staff (DCS) for Ammunition, HQ AMC, will provide Inventory Control Effectiveness (ICE) requirements to HQ IOC for inclusion in the Command Inspection Program (CIP), to be used to evaluate the inventory effectiveness programs at ASDA and depots. The ICE data will be prepared and provided to the activity commander at the conclusion of the site visit. The activity visited will take appropriate action on each recommendation and advise HQ IOC, AMSMC-DSC, as to the status of those actions. Status from IOC installation visits is due 30 days after the visit. The HQ IOC, AMSMC-DSC, will monitor each report of visit and initiate follow-up action as required. The HQ IOC, AMSMC-DSC, will provide final closeout to HQ AMC, AMCAM-LG.

(12) Twice each fiscal year, the depot inventory activity will request the data processing activity to provide a listing of assets with balances in condition codes J, K, and L. This listing will be used for control of suspended codes.

(13) The Quality Control Summary Report will be forwarded to the Depot Commander and Deputy Logistics Readiness (or equivalent) at the ASDA.

(14) The follow-up on quality control recommendations and written statement of action taken are to be available for review by the CIP team.

(15) The use of the Process Action Teams (PAT)/Total Quality Management (TQM) concept at ASDAs and depots is highly recommended.

(16) Wholesale materiel will not be released to any person(s) until coordinated with and approved by the owning Inventory Control Point (ICP). This policy is necessary to preclude unnecessary expenditure of resources to research inventory discrepancies, materiel release denials, offset of the procurement process, and ultimately, readiness of the Army. It is in no way intended to impede the progress of those requesting release of the materiel.

b. Inventory.

(1) Primary means for scheduling inventories will be via the annual inventory schedule and the inventory program status report.

(2) All radioactive items will be inventoried annually or when requested by the radiation protection officer (RPO) due to a suspected quantitative discrepancy discovered during a radiation protection survey.

(3) Risk Category Code I nonnuclear missiles and rockets will be inventoried twice each year. Depot commanders will certify to the Commander, IOC, AMSMC-DSC, that semiannual inventories and all adjustments and reconciliation actions were completed at end of 4th quarter each fiscal year. The Commander, IOC, AMSMC-DSC, and MICOM will certify to Commander, AMC, AMCAM-LG, that nonnuclear missiles and rockets were inventoried and reconciled twice during the year. This certification will be provided with the 4th quarter ASDA Report of Physical Inventory (RCS AMCSM-307) each fiscal year.

(4) All ammunition items will be scheduled for inventory annually, except Risk Category Code I nonnuclear missiles and rockets which will be inventoried semiannually. Inventory of Army-owned ammunition stored at contractor's plants not on the Industrial Logistics System (ILGS) will be performed per this regulation and per requirements set forth in AMCCOMR-700-23.



(5) Handling of ammunition during inventory will be per AMC-R 385-100 and other applicable safety and security regulations. All toxic chemical/binary munitions will be inventoried annually. See chapter 3 for procedures on toxic chemical/binary inventories.

(6) Physical inventory and inventory reconciliation will be accomplished with custodial records and mechanical capabilities to control infloat actions on an "open for business as usual" basis; i.e., the inventory process will be conducted concurrently with other primary missions such as receipts, issues, stock number changes, or logistical transfer actions of items being inventoried. Intradepot movements will be restricted to the extent possible during the physical inventory process.

(7) The Centralized Inventory Control Organization (CICO) at ASDAs will coordinate all types of inventories requested by ASDAs. Personnel from other organizational elements (e.g., item managers, program managers) will not be permitted direct contact with depots to request inventories or availability information. All requests will be directed to the CICO, and when appropriate, requests will be forwarded to the depot inventory organization.

(8) Authorization for ASDAs to initiate inventories or any type of request for asset availability will be limited to the accountable property officer (ACTPO) and not more than four other personnel (for any one depot) from the central inventory organization. Thirty days prior to the beginning of each fiscal year, each ASDA will provide a list of persons authorized to initiate such requests to each depot concerned. Depots will not accept requests for asset availability from persons other than those on the list provided by the ASDA for that depot.

(9) Approval from HQ AMC, through appropriate channels, will be obtained prior to initiating any inventory program which would preclude completion of requirements already delineated within this regulation.

(10) Depots will maintain controls to assure that all requests for inventories, custodial record balances, and asset availability are directed to the depot inventory organization for response.

(11) Inventories will be initiated based on Criminal Investigation Division (CID), Inspector General (IG), Army Audit Agency (AAA) findings that show a loss or gain of a particular item from an AMC wholesale storage site.

(12) Depots will initiate physical inventories of Army-owned and SMCA-managed stocks in the following priority sequence:

- (a) Special inventories resulting from materiel release denials.
- (b) Semiannual inventories of category I nonnuclear missiles and rockets.
- (c) Toxic chemical munitions/bulk agents.
- (d) Catalog changes.
- (e) Lot formation listing for ammunition site inventory.
- (f) Special inventories required by ASDAs, including Report of Discrepancy (ROD) discrepancies (limited to 5 percent of ASDAs inventory requirements at each depot). Also, special inventories initiated by the ISA activity (limited to 5 percent of ISA requirements at each depot).
- (g) Inventories of stock numbers that quantitatively mismatched on the audit/match.
- (h) Locally initiated inventories required as a result of conventional ammunition discrepancies.
- (i) Locally initiated inventories for other than the above reasons.
- (j) Items scheduled from the Inventory Status Report (ISR) in priority sequence of high, medium, and low. Items inventoried per (a) through (i) above during the current fiscal year need not be inventoried from the ISR.

(13) Except for file maintenance discrepancies, and audit/match mismatches, Army-owned and SMCA-managed items, including conventional ammunition working capital fund items, will not be scheduled for inventory if they have been inventoried within the past 90 days. Instead, a custodial record balance will be provided to the requester. If an intervening inventory has occurred subsequent to discovery of a discrepancy from file maintenance or an audit/match, but prior to scheduling an inventory based on the discrepancy, the item will not be scheduled for inventory. The intervening inventory will suffice to correct the record.

(14) Statistical sampling will not be used to accomplish scheduled inventories of Single Manager for Conventional Ammunition (SMCA) stocks.

(15) The ASDA requests for custodial record balances (without a concurrent physical inventory), and inventories requested as a result of zero balance flashers will be submitted as required, and will not be counted against the 5 percent limitation for unscheduled inventories.

(16) Adjustment data will be accumulated by the ASDAs during the inventory report period to provide by error cause code, the number of gains, losses, and reversals of gains and losses processed during the quarter, with dollar value of each. This information will be submitted in the narrative portion of the ASDA Report of Physical Inventory (RCS AMCSM-307). Reports will be reviewed for accuracy to assure that all data are included. A 10 percent deviation plus or minus from historical data will require a certification that the report was verified as being correct.

(17) The ASDAs will adjust accountable records to pick up all stock reported by a depot as a result of inventories, and will provide necessary disposition instructions for this stock, whether or not the recipient ASDA is the manager or not. If the materiel is excess of requirements, disposition instructions will be provided to the depot per current logistics transfer procedures.

(18) Upon receipt of denial, a special inventory will be requested if research cannot resolve the discrepancy to the accountable property officer's satisfaction and an intervening inventory reconciliation has not been conducted.

(19) Automatic adjustments for ammunition and explosives will not be processed.

(20) Depots will accomplish the reconciliation of assets in condition code M within 30 days from the date the listing of condition code M assets is produced. Items which have been in condition code M less than 1 year may continue to be certified (by production control) as being in maintenance. Items which have been in condition code M for 1 year or more, the chief of maintenance must personally certify that the assets are on hand in maintenance. Copies of certified lists containing items which have been in maintenance for 18 months or more will be forwarded through channels from the inventory management division to the depot commander.

(21) The processing of unposted, duplicate, and erroneous documentation in lieu of physical inventory gain or loss is as follows:

(a) Automatic adjustment (D8B/D9B) are processed as a result of location record audit/match for materiel which is in a noncontrolled category and the dollar value of the discrepancy is equal to or less than \$5,000 and all the infloat documentation match. In addition, in-line document identifier code (DIC) document adjustment code (DAC) dual adjustments (DIC D8C/D9C) are processed for differences between condition codes (except for condition codes J, K, and L). The list of automatic adjustments should be matched against the current reject suspense listing by National Stock Number (NSN), depot, condition code and owner code. If a reject document involves any accountable transaction (except DIC DAC for other than condition codes J, K, and L), the automatic adjustment will be reversed and the applicable supply transaction will be processed. If there is a rejected shipping confirmation (ARO) which does not match an MRO in the file, and an automatic adjustment was made for that NSN, action will be taken to identify the shipping depot and ensure that the MRO is processed. The automatic adjustment will be reversed for the quantity of the MRO. These actions are necessary to clear the document control and history files. All unprocessed DIC DAC transactions that were generated prior to the audit that match an automatic adjustment will be coded "DR" and removed from the reject suspense file.

(b) Unposted, duplicate, or erroneous transactions identified through preadjustment or causative research will be posted, reversed, or corrected to maintain an accurate audit trail. If a DIC D8A (gain) or D9A (loss) has been posted and a missing, duplicate, or erroneous transaction was found to be the cause, the adjustment will be reversed if within 1 year from date of posting or corrected by processing DIC D8B/D9B if outside 1 year period.

(c) Strict controls should be established to assure that rejected documents being worked on are captured and processed in conjunction with the DIC D9A/D8A reversal action to preclude posting of pre-inventory transactions after the record has been corrected.

(22) Adjustments of custodial/accountable records due to ROD adjustments. The DICs D8Z/D9Z will be used to adjust ROD discrepancies. The DIC D8Z/D9Z perpetuates the document number of the original MRO on which the ROD was submitted and contains "ROD" in cc 45-47. Dollar values on these type adjustments are not included in ICE statistics and have no adverse effect on inventory accuracy rates or gross adjustment percentages.

(23) The two-person rule for inventory adjustments requires approval by supervisory personnel. The following review and approvals are required and will not be delegated below the position to which assigned.

Activity/Condition	*First-line Supervisor	*Second-line Supervisor
Depot/		
All sensitive/pilferable items	Yes	Yes
Other adjustments over \$10,000	Yes	Yes
Other adjustments \$800 - \$10,000	Yes	No
Other adjustments \$.01 - \$799.99	No	No

\*Approval will be indicated by signing the discrepant NSN research listing.

	*First-line Supervisor ASDAs/	*Second-line Supervisor
All sensitive/pilferable items	Yes	Yes
Other adjustments over \$50,000	Yes	Yes
Other adjustments \$10,000 - \$49,999.9	Yes	No
Other adjustments \$.01 - \$9,999-99	No	No

\*Approval will be indicated by signing the discrepancy research listing.

(24) Full volume test of future changes to physical inventory application will be accomplished to reduce the recurrence of inoperable physical inventory systems being released to the user. All future releases will be subjected to a thorough interface and full volume testing prior to release to user. The test results will be reviewed and approved by IOC, MICOM, and the Business Process Group prior to release.

(25) Army assets in the hands of contractors will be accounted for per applicable regulations.

c. Audit/match.

(1) Each depot custodial record with a positive balance for an AMC ASDA will be validated quarterly with accountable records. The summarization dates for balances will be close of business (COB) 2 March, 2 June, 2 September, and 2 December. The depot will transmit custodial record balances to each appropriate ASDA the day after the summarization date. The transmission to an accountable activity must begin and end on the same date. The accountable record will be updated automatically

to agree with the depot balance for ICC 1, 4, 5, 6, 7, and 9 items when the difference for stock number is equal to or less than \$800 and all infloat transactions match. All other items with quantitative differences which cannot be resolved through analysis of 105 days for depot/storage activity transaction history listing will be scheduled for inventory. These inventories will be completed within 80 days of receipt of requirement from ASDA.

(2) Depots will ensure that the number of records sent to ASDAs is the same as the number of MDR.

(3) Types I, II, and III audit/match errors are as follows:

(a) Type I. Accountable records with stock balances other than zero or a credit balance without a supporting depot record by condition code.

(b) Type II. Depot records with actual stock on hand without an accountable record balance by condition code.

(c) Type III. Mismatch of any of the following data elements: unit of issue, NSN has been deleted, ownership code/item is under cognizance of another inventory manager, controlled inventory item code, and shelf life code.

(4) Quantity differences between condition codes revealed by the match of custodial records and accountable records will not be considered as a financial inventory loss and gain, but will be adjusted by means of a compensating adjustment, since a gain or loss of property has not transpired. Appropriate error cause codes will be assigned to adjustment transactions that would resolve the balance discrepancies without an inventory.

(5) A copy of report of items not inventoried as a result of audit/match product control number (PCN) (A01CXX5014R) will be mailed to storage locations. Storage locations will validate that inventories were or were not accomplished. When the storage location records reflect a date of last inventory (DOLI) within the audit period and prior to the date of the above-mentioned PCN, a DIC ZNS (Inventory Reconciliation) will be processed. If DOLI is older than the date of last audit/match, immediate action should be taken to accomplish the inventory prior to the next audit/match.

d. Interservice audit.

(1) Each depot custodial record with a positive balance recorded for other service/agency ASDAs will be validated with accountable records as of COB on the first Tuesday in September each fiscal year (FY). Other service/agency audits will be coordinated with the ASDA that owns the materiel. These audits will be initiated by the depot.

(2) Each AMC ASDA accountable record for stocks stored at another service or agency depot will be validated with depot records as of the first Tuesday of September each FY.

e. Location validation.

(1) Ammunition location will be validated in conjunction with the site physical inventory and the Ammunition Access Control Program.

(2) Each depot location record and each item of stock stored in a depot will be validated at least once each FY on a perpetual basis, by either physical inventory of site, or site accepted inventory.

(3) The inventory management activity will notify the depot ammunition storage division in advance of pending site inventory. The notification may be in the form of a listing, and should be forwarded in sufficient time to allow the storage area to be reviewed for correction of deficiencies to facilitate the site inventory.

(4) Locations will be grouped and identified to a specific lot of a size to permit an inventory in a minimum of time (one day), to ensure maximum uninterrupted customer service, and to obtain the greatest degree of accuracy.

f. Materiel Release Denials (MRD).

(1) In-line denials for issue priority designator (IPD) 01 through 03 MROs will be processed in the depot computer NLT the 1st day following the day the MRO was established. In-line denials for IPD 04 through 08 will be processed in the depot computer NLT the 2d day following the day the MRO was established at the depot computer. In-line denials for IPDs 09 through 15 will be processed in the depot computer no later than the 8th day following the day the MRO was processed in the depot computer. Warehouse denials for IPDs 01 through 03 MROs will be processed in the depot computer NLT the 1st day following the day the DD Form 1348-1 (DOD Issue Release/Receipt Document (IRRD) was produced. Warehouse denials for IPD 04 through 08 MROs will be processed in the depot computer NLT the 2d day following the day the DD Form 1348-1/IRRD was produced. Warehouse denials for IPD

09 through 15 MRO will be processed in the depot computer NLT the 10th day following the day that the DD Form 1348-1/IRRD was produced.

(2) Denial management codes will be assigned as follows:

(a) Management code 1 when no stock is available in any condition code for the requesting owner and a physical search has been made; i.e., there is a recorded balance, owner segment and/or location. (This applies to in-line and warehouse denials.)

(b) Management code 2 when no stock is available in the requested condition code for the requesting owner, but there is stock in other condition codes for that owner. A physical search has been conducted. (This applies to in-line or warehouse denials.)

(c) Management code 3 when an inspector has determined that the available stock is unacceptable for shipment to the indicated geographic area due to limited remaining shelf life. A condition code change for the materiel is not required because of the denial. (This applies to warehouse denials only.)

(d) Management code 4 within Army only when serial/lot numbers for ammunition items are specified in exception data to meet the requirements of quality assurance testing, maintenance, or when the ammunition meets the quality standards for the recorded owner, but does not meet the quality standards for the "ship to" service. (This applies to warehouse denials only.)

(e) Management code 5 when no stock is available in the requested condition code and a reclassification and/or reidentification document will follow. (This applies to warehouse denials only.)

(f) Management code 6 if there is no record of the stock number on the MDR. (This applies to in-line denials only.)

(g) Management code 7 if there is a record of the stock number on the MDR but there is no stock in any condition code for requesting owner. There may or may not be a recorded location and a balance for another owner. No physical search has been conducted (in-line only).

(h) Management codes B and X to denials for International Logistics (IL) MROs per AR 725-50.



(i) Management code J will not be assigned within AMC. Denials for intradepot transfer MROs will be coded per (a) through (g) above.

(j) Management code 9 if materiel is not available in one continuous length and the MRO has advice code 2N. (This applies to warehouse denials only.)

(3) Denials for which physical search has been made and management code 1 or 2 assigned will still be counted as in-line denials on the AMC Depot Report of Supply Performance (RCS AMCSM-304). The ILGS will do this as the computer-generated A6-transactions are entered.

(4) The MRDs which are transceived in-line without prior manual review will appear on the transceiver listing and the ammunition MRO processing research listing, with management code 6 or 7.

(5) Depots will maintain a register which will reflect a denial cause for all MROs, except those with management codes 6 and 7 (automatic denials).

g. Research.

(1) The following prioritization sequence should be used for responding to requests for research:

(a) Category I nonnuclear missiles and rockets for research.

(b) Inventory Category Code (ICC) 0.

(c) Classified ICC 2.

(d) Other ICC 2.

(e) Classified ICC 8.

(f) ICC 3.

(g) ICC 7.

(h) Other.

(2) Within each of the above groups, losses should be researched before gains.

(3) Prior to adjusting custodial records, for other than automatic adjustments, post-count validation will be

accomplished to ensure that an accurate count was made and infloat transactions are properly considered when comparing the count to the recorded balances.

(4) Prior to adjusting ASDA accounting records, preadjustment research of potential discrepancies will be performed to ensure that an actual gain/loss of property has occurred and to determine a valid adjustment quantity. Preadjustment research will be limited to not more than 30 days.

(5) Causative research will be performed by ASDA and depots to determine the reason for an adjustment. This research will be completed within 90 days following adjustments to the ASDA records. Errors will be tabulated and trends maintained to identify problems and to evaluate effectiveness of corrective actions.

(6) If causative research indicates the probability of theft of any item, or if no conclusive findings result from research on any losses of ICC 0, 2, 3, 7, or 8 items or on losses greater than \$10,000 on other items, security personnel at both the ASDA and storage activity will be advised.

(7) The ASDAs will not normally request transaction histories for causative research from depots other than through the automated system process.

(8) See chapter 12 and 13 of AR 735-5 for guidance on Inventory Adjustment Reports and Report of Survey.

h. Quantities posted to Management Control Numbers-Inventory (MCNI) at ASDAs will not remain for longer than 180 days. During that time research will be accomplished to determine the correct NSN and the balance will be transferred to that stock number. Demands will be accumulated for the item during the 180 day period. If no NSN can be determined within the period, based on the number of demands, an NSN will be established or appropriate disposal actions will be initiated.

i. The number and age of MCNI will be reported by ASDA on the RCS AMCSM-309 report quarterly and will be reviewed by local management and HQ AMC. A narrative explanation will be furnished for MCNI with balances older than 180 days.

j. Each depot Inventory Management Division (IMD) will appoint a Movements Control Officer to control relocation of materiel under inventory.

k. Condition and count of U.S. Army Materiel (Ammunition Count Five Program).

(1) The Commander of IOC installations will ensure that key personnel test the following elements of the Inventory Control Program at least quarterly by accomplishing an ammunition count five.

- (a) Condition code (obvious visual errors).
- (b) Quantity count.
- (c) Location.
- (d) Storage practices.

(2) For the purpose of this program, key personnel include, (at a minimum) the Commander, Deputy Commander, Executive Officer, Director for Ammunition Operations, and the Chief of Supply Quality Control Division of the Quality Assurance Directorate.

(3) At least once per quarter, a random site will be selected for each participant. A current planograph will be available upon arrival of each participant to the inventory office. This planograph will be used to conduct the count five for that site.

(4) Results of the site count five will be documented on the planograph. This document and documentation to evidence reconciliation of count to depot record will be filed by fiscal year and be made available for review by the Command Inspection Team, IG Teams, or other review/inspection/audit teams. The current installation standing operating procedures (SOP) for the Count Five Program should be part of this file. Files are to be retained for 2 years plus the current inventory year. Commanders may increase the number of sites required in the count five and may raise the frequency; i.e., monthly, if desired.

CHAPTER 2  
RESPONSIBILITIES

2-1. The Deputy Chief of Staff for Ammunition, HQ AMC, will--

- a. Prescribe basic inventory policy, responsibilities, and procedures.
- b. Evaluate performance and effectiveness of the inventory system and initiate appropriate actions for improvement.
- c. Oversee Command Inspection Program. May delegate reviews to be accomplished within purview of IOC CIP schedule.
- d. Designate an inventory coordinator and alternate.

2-2. The Commander, IOC, will--

- a. Provide command emphasis and furnish resources for implementing policy and procedures of this regulation at AMC depots.
- b. Evaluate performance and effectiveness at depots of the inventory system and initiate appropriate actions for improvements, and forward to the Commander, USAMC, ATTN: AMCAM-LG, any recommendations for improving the overall program.
- c. Include the following performance indicators, as a minimum, in routine command review and analysis of storage activities:
  - (1) Materiel Release Denials (RCS AMCSM-304 report).
  - (2) Inventory Accuracy (RCS AMCSM-307 report), to include the local causes of adjustments and corrective actions taken.
  - (3) Location Record Audit Accuracy (RCS AMCSM-309 report).
- d. Furnish AMC consolidated performance reports of all depots per with this regulation.
- e. Provide representation on the CIP review teams or others to ASDAs and depots when requested by program designee.

f. Designate an inventory coordinator and alternate.

g. Establish a physical inventory quality control program to monitor the incidence of error occurrences and initiate corrective action as required.

2-3. The Commander of each ASDA will--

a. Provide command emphasis and furnish resources (personnel and automatic data processing (ADP) support) to ensure compliance with this regulation.

b. Establish or designate an organizational element to administer the inventory program and related functions as outlined in appendix B.

c. Evaluate performance and effectiveness of the inventory program and forward to the Commander, HQ AMC, AMCAM-LG, any recommendations for improving the overall program.

d. Include the following performance indicators, as a minimum, in routine command review and analysis:

(1) Materiel Release Denials (RCS AMCSM-304 report).

(2) Inventory Accuracy (RCS AMCSM-307 report), to include the causes of adjustments and corrective actions taken.

(3) Location Record Audit Accuracy (RCS AMCSM-309 report).

(4) Gross Inventory Adjustment Rate (RCS AMCSM-307 report).

e. Develop quality control procedures per chapter 5, to effectively measure error rates in the inventory and location process, and to provide feedback information on errors to enable management to take corrective action.

f. Designate a representative to approve inventory adjustment reports.

g. Designate an inventory coordinator and an alternate.

h. Ensure that all inventory personnel are trained using the USADACS standard inventory courses.

i. Provide representation on the CIP review teams or others to ASDAs/depots when requested by program designee.

2-4. The Commander of each depot will--

a. Provide command emphasis and furnish resources (personnel and ADP support) to ensure compliance with this regulation.

b. Establish or designate an organizational element to administer the inventory program and related functions as outlined in appendix A.

c. Initiate all scheduled inventories based on priorities prescribed in this regulation and coordinate reconciliation of balance records with appropriate accountable activities.

d. Develop quality control program per chapter 5 to effectively measure error rates in the inventory and location process, and to provide feedback information on errors to enable management to take corrective action.

e. Furnish required performance reports to U.S. AMC Logistics Support Activity Major Item Information Center, ATTN: AMXLS-ML-F, via the Centralized Automated Reporting System (CARS). The reports with narrative will be forwarded by Commander, IOC, AMSMC-DSC-R.

f. Evaluate performance and effectiveness of the inventory program and forward to Commander, IOC, AMSMC-DSC-R, with a copy of any recommendations for improving the overall program to Commander, HQ AMC, AMCAM-LG.

g. Designate an inventory coordinator and an alternate.

h. Ensure that all inventory personnel are trained using the USADACS standard inventory courses.

i. Provide representation on the CIP review teams or other to ASDAs and depots when requested by IOC.

2-5. The Director, Systems Integration Management Activity (SIMA)  
(East and West) will--

a. Implement the policy of this regulation into the Commodity Command Standard System (CCSS) and the ILGS.

b. Designate an inventory coordinator and an alternate for CCSS and an inventory coordinator and an alternate for ILGS.

c. Provide representation on the CIP review teams to ASDAs and depots when requested by AMC.

d. Maintain functional operating instructions and user's manuals in a current status and include the necessary procedures to implement this regulation.

2-6. The Executive Director, USAMC LOGSA will--

a. Provide representation on CIP review teams to ASDAs and depots when requested by AMC.

b. Designate an inventory coordinator and an alternate.

c. Furnish supply management data support per AR 708-1.

2-7. References.

a. MIL-STD-105.

b. Army Regulations:

(1) AR 25-400-2, The Modern Army Record Keeping System (MARKS).

(2) AR 380-5, Department of the Army Information Security Program.

(3) AR 380-86, Classification of Chemical Warfare and Chemical and Biological Defense Information.

(4) AR 708-1, Cataloging and Supply Management Data.

(5) AR 710-1, Centralized Inventory Management of the Army Supply System.

(6) AR 725-50, Requisitioning, Receipt, and Issue System.

(7) AR 735-5, Policies and Procedures for Property Accountability.

(8) AR 740-26, Storage and Supply Activities Physical Inventory Control.

c. AMCCOMR 700-23, Management of Materiel in the Field Service Account and the Conventional Ammunition Working Capital Fund Account (CAWCFA).

d. AMC Regulations:

(1) **AMC-R 385-100**, Safety Manual.

- (2) AMC-R 710-1, Inventory Management Adjustments.
- (3) AMC-R 740-11, Logistics Data Management at Depots.
- (4) AMC-R 740-20, Receiving (General Supplies).
- (5) AMC-R 740-22, Shipping General Supplies.
- (6) AMC-R 740-23, Receiving and Shipping (Ammunition).



## CHAPTER 3

### TOXIC CHEMICAL MUNITIONS/BULK AGENTS (TCM/BA)

3-1. Purpose. This chapter prescribes policies, responsibilities, and procedures for conducting physical inventories and maintenance of records and reports for toxic chemical munitions/bulk agents (TCM/BA) and binary munitions/ agents (Binary) in HQ IOC wholesale and demilitarization accounts.

3-2. Scope. This regulation is applicable to HQ IOC, TECOM, and all their locations which store TCM/BA and Binary.

3-3. Policies. a. Accountable records at HQ IOC and custodial records at depots/plants/arsenals and Johnston Island (JI) (hereafter referred to as "depot") will be maintained by automation. The retired manual records at the ASDA will be maintained on AMSMC Form 1400 (Toxic Munitions and Agents Stock Accounting Record) and custodial records at depots will be maintained on **AMC Form 2510-R-E** (Custodial Stock Record) (see appendix C).

b. Physical inventory of TCM/BA and Binary will be accomplished by personnel in the inventory organization. If there is an insufficient number of inventory personnel available, personnel from Quality Assurance and Toxic Chemical Munitions handling organizations may be used as long as they are in the Personnel Reliability Program (PRP).

c. Depot commanders will publish internal operating instructions to implement the guidance of this chapter.

d. There will be no transactions processed for the location (magazine site) under inventory during the count period except for adjustment transactions necessitated by condition code and NSN changes found at time of inventory. Handling of TCM/BA and Binary will be held to an absolute minimum. Necessary handling must be performed by fully trained/certified personnel and be per applicable safety and security regulations.

e. All inventory counts and location validations will be accomplished at the same time to avoid requirement to return to the magazine.

f. The HQ IOC will request and coordinate inventories on all TCM/BA and Binary and include within the Requirement Control Symbol (RCS) AMCSM-307 Report for the 4th quarter of the FY a statement that all of these items have been inventoried during the FY.

g. Automated records, retired manual record cards, inventory/automated location validation reports, and all related documents at depots and IOC will be retained under file number 735-5j.

h. Custodial records and related documentation will be subjected to external review at least once annually as outlined in paragraph 3-4.

i. Unidentified chemical surety materiel discovered during the inventory will be assigned a management control number, picked up (D8A) on the custodial records, and reported to IOC by the Secured Telephone Unit (STU) System for disposition.

j. Bulk agents will be inventoried by container serial and/or lot number, comparing the weight on the Inventory Report to the weight recorded on the container. If there has been some activity involving the container (e.g., leakage, maintenance, plug/value change out, samples drawn, etc.) or no activity, the weight comparison need not be performed. Where the container weights are not discernible, a count of the number of containers will suffice.

k. Security requirements for accountability and inventory documents as contained in AR 380-5 and AR 380-86 apply. The AR 380-86, paragraph 4, table 1, provide guidance/authority for classifying TCM/BA documents. Security Classification Guide for (Projectile, 155mm, GB2, M687) provides guidance/authority for classifying Binary documents. The authority for classification and downgrading instructions must be included on documents bearing classified information.

l. The requirement for annual physical inventory, location validation, and reporting of physical inventory discrepancies is also applicable to materiel awaiting demilitarization.

3-4. Location record audit/match. a. Location record audit/match requirements will be accomplished concurrently with records review on an annual basis by personnel representing IOC. Records review will include--

- (1) NSN.
- (2) Unit of issue (UI).
- (3) Condition code (CC).
- (4) Owner.
- (5) Controlled item inventory code (CIIC).

(6) ICC.

(7) Quantity.

(8) Adequacy and timeliness of postings to custodial records and reporting to IOC.

b. Nonstandard NSNs and part numbered items not recorded in the AMDF will be assigned CIIC "P" and ICC "8."

3-5. Inventory/location validation. a. A location validation will be accomplished concurrent with the first count (actual physical count) through verification that all recorded locations for TCM/BA and Binary contain stock and that all materiel on location in sites containing TCM/BA and Binary is on custodial records.

b. The depot inventory/accountability organization will--

(1) Prepare/print an automated Location Check Sheet for each storage location that is to be entered for inventory/location validation. The print will contain the following data:

(a) Site location (building or area) (a separate print for each site).

(b) NSN/Department of Defense Identification Card (DODIC) (sorted in NSN sequence).

(c) UI.

(d) Lot.

(e) CIIC.

(f) Site/grid.

(g) CC.

(h) Quantity.

(2) Prepare/print an automated Inventory Report for each storage location that is to be entered for inventory/location validation. The print will contain the following data:

(a) Site location (building or area) (a separate print for each site).

(b) DODIC/NSN (sorted in DODIC/NSN sequence).

- (c) Ownership/purpose code (OP).
- (d) CC.
- (e) Lot.
- (f) Serial.
- (g) Grid.
- (h) Quantity (only on bulk agents; i.e., ton containers for ease of inventory).

(3) Schedule the location validation in conjunction with ammunition surveillance and other concerned depot organizations and provide a copy of the schedule to the HQ IOC TCM Coordinator, AMSMC-DSC. All NSNs may be inventoried at one time, or phased over the period 1 October through 31 July; however, all actions including causative research must be completed by 31 August of each year.

(4) The inventory/accountability section will provide the automated location validation and the inventory listing to the actual count crew. The crews will use the automated location validation and inventory report to accomplish the validation/inventory as follows:

(a) The inventory crew will verify the following data reflected on the location validation listing with the magazine data card (MDC) on the materiel in storage locations to include:

- 1 NSN/DODIC.
- 2 UI.
- 3 Lot number.
- 4 CIIC.
- 5 Site/Grid.
- 6 Condition code (the code reflected on the location validation will be accepted. Verification against the depot surveillance record is not required).
- 7 Quantity.

(b) Place a checkmark (v) on the automated location validation when all data are in agreement.

(c) Annotate the report with "NS" when no corresponding materiel is in the location indicated.

(d) Circle the mismatched data that are not in agreement with the data on the magazine data card, and annotate the erroneous data from the magazine data card to the automated location validation.

(e) Review the materiel in storage for discrepancies such as:

- 1 Mixed stock.
- 2 Unidentified stock.
- 3 Illegible markings.
- 4 Honeycombing.
- 5 Missing location identification.
- 6 Open containers.
- 7 Improper stacking.
- 8 Missing magazine data card.

(f) Annotate obvious storage discrepancies on the automated location validation and notify the responsible director in person or by the STU System.

(g) Annotate on the automated location validation any materiel found but not on the report.

(h) The count crew will verify the following data reflected on the inventory report print with the materiel actually in the storage locations to include:

- 1 NSN/DODIC.
- 2 Ownership/purpose code.
- 3 Condition code.
- 4 Lot number.
- 5 Serial number.
- 6 Grid.

(i) The count crew will enter the actual quantity counted beside each entry on the automated inventory report except for Bulk Agents; i.e., ton containers. Inventory reports for these NSNs will reflect record weights. If the weight is correct, the count crew will place a checkmark (v) beside that entry. If a weight is not correct, they will annotate the correct weight as reflected on the container.

(j) Annotate on the automated inventory report any materiel found but not on the report.

(k) On the Magazine Data Card, enter the date inventory was conducted, quantity inventoried, and full signature of person performing the inventory. If the quantity inventoried matches the quantity on the location validation, the validation crew should enter a "Y" on the report or an "N" if the quantity did not match. If a mismatch is encountered, a second count will be accomplished immediately. The second quantity count will be verified by the signature of two counters.

3-6. Processing inventory counts. a. Upon completion of all actions outlined in paragraph 3-5 at each site location, determine if a second count is required for any balance ("N" annotated on the location validation) before leaving the site.

b. Perform second count. Materiel will be pulled from location by ammunition storage personnel as required to accomplish necessary count by inventory personnel.

c. Enter date of second count, quantity counted, and full signature of persons performing the count on the magazine data card.

d. Upon completion of the second count, compare with magazine data card (first count quantity). If the two quantities agree, but are different from the record balance, accept the counts as correct and proceed to the next location.

e. If the second count does not agree with the first count, but matched the depot record quantity, correct the magazine data card and annotate date and full signature of individual making correction.

f. If the second count does not agree with either the depot record quantity or the magazine data card, additional counts will be made until two count quantities agree. When two count quantities agree, the count will be accepted, the magazine data card will be annotated as indicated in paragraph 3-6c, and proceed to the next location.

3-7. Posting of inventory counts. a. The inventory/accountability organization will receive the automated location validation and inventory reports and assure that all second and or subsequent count data has been annotated.

b. The results as reflected on the automated inventory report will be posted to the automated system in the applicable format provided in your TCM Primer (user manual).

3-8. Adjustment of custodial records. a. After the adjustment quantity has been ascertained, prepare adjustment D8A for gain, D9A for loss, and post to the automated custodial record.

b. Report any actual physical loss or gain adjustment made to the custodial record to the depot security organization and surety office and to HQ IOC per procedures as outlined in paragraph 3-18 below.

3-9. Reporting results of inventory. a. Prior to close of business, (if possible, otherwise contact IOC TCM personnel for a good transmission time), after custodial record balance has been updated, the depot inventory/accountability organization will provide results of the inventory if the inventory of the NSN, ownership and condition code has been completed, by submitting the system generated inventory notification card (DKA) by the STU System to the TCM personnel, HQ IOC, AMSMC-DSC.

b. The IOC TCM personnel will forward a copy of required data via the STU to the Worldwide Ammunition Reporting System (WARS) coordinator in the Defense Ammunition Directorate (IOC).

3-10. Reconciling physical inventory counts to accountable records.

a. Verify that the UI, CIIC, and ICC reported by the depot organization agrees with the IOC NSNMDR. If any of these codes are not in agreement, check the AMDF to verify that the IOC record is correct and notify the depot inventory/accountability organization immediately, in writing, when the depot submitted data are incorrect. When the IOC NSNMDR is not in agreement with the AMDF, the IOC TCM personnel will forward a request to the appropriate IOC supply or maintenance activity to initiate corrective action. These actions satisfy the requirement for location record audit/match.

b. Compare the inventory count to the accountable record balance for each NSN and condition code reported. If the balance is in agreement with the accountable record, annotate the accountable record with the initials of the IOC quality checker.

c. When the inventory count and the accountable record quantity do not agree and causative research results in no

conclusive findings for the inventory adjustment quantity D8A/D9A, the following action will be taken:

(1) The IOC TCM personnel will prepare a letter for the signature of the ACTPO requesting an investigation by a disinterested party be conducted in conjunction with causative research by the depot inventory organization. The results of the investigation should be reported within 30 days after the receipt of the letter. A copy of this letter will be placed in the suspense folder along with the automated accountable record for that NSN and condition code. If a reply has not been received at the end of the 30-day suspense, prepare a followup letter for signature of the division chief. If at the end of 15 days after the first followup, a reply has not been received nor an extension requested and granted, prepare a second followup letter for the signature of the Director, Defense Ammunition Directorate, IOC.

(2) The depot will submit followup report to addresses indicated in paragraph 3-18 reflecting status/close-out action as determined by the investigation.

(3) If the explanation/findings are not considered sufficient to explain the loss/gain, the ACTPO will request action be taken as outlined in paragraph 3-11 below.

3-11. Request for investigation. When causative research by the IOC TCM personnel results in no conclusive findings for a loss (D9A), or a gain (D8A) adjustment, the following action will be taken:

a. The ACTPO will advise the TCM personnel that appropriate relief documentation is required and request a letter be prepared to the storage location requesting appropriate documentation and investigation be initiated.

b. See AR 735-5 for ASDA and depot actions relative to Inventory Adjustment Reports (IAR) and Reports of Survey.

3-12. Response to request for investigation. a. The IOC TCM personnel will take the following action within 2 days after receipt of reply from the storage location:

(1) Remove the folder containing the automated accountable record and copy of letter from suspense file. Destroy suspense copy of the letter.

(2) Forward the relief documentation (IAR/Report of Survey) provided by the depot inventory/accountability organization to the ACTPO and approving authority for signature.



One copy of the relief documentation will be held in suspense. The original and two copies will be forwarded to the ACTPO.

b. The ACTPO will review the documentation and will send all copies to the IOC approving authority for signature and return. If the explanation/findings are not considered sufficient to explain the loss/gain, the ACTPO will return the documentation to the IOC TCM personnel with instructions to request additional information/clarification from the depot.

c. When signed copies (original and one) of the relief documentation are returned from the approving authority, the ACTPO will return the signed and dated documentation to the IOC TCM personnel.

d. The suspense copy of the relief documentation will be destroyed. The signed original copy will be placed in the completed file. The other signed copy will be forwarded under cover letter signed by the ACTPO to the depot. The automated accountable record will be annotated in the same entry with the adjustment posting, "IAR/Report of Survey approved on (date).", and returned to the active file.

e. Followups and suspenses will be per AR 735-5.

3-13. Transmission of transactions affecting accountable records. a. All transactions (D8\_, D9\_, DAC, D4\_, D6\_, A5\_, A6\_) affecting the accountable record balance will be transmitted between the depot and the Commander, IOC, AMSMC-DSC, by the STU System per the format provided in the TCM Primer (user manual).

b. The IOC Toxic Chemical Munitions and Agents Inventory Manager(s) will forward a copy of all transactions to storage locations when transmissions involved affect accountable records to the IOC TCM personnel, AMSMC-DSC.

c. Quantities by NSN of agent withdrawn for surveillance samples, lost through leakers or other purposes, will be recorded in the custodial and accountable records as accumulated. One pound quantities as accumulated will be reported to IOC TCM personnel by the STU System per the format provided in the TCM Primer (user manual).

d. Toxic chemical munitions/bulk agents and Binary scheduled for demilitarization will be transferred to the Resource Recovery and Disposal Account (RRDA) (B5A). The Ammunition Transfer Record (ATR), DA Form 4508 will be maintained by storage locations to support materiel in the demilitarization process.

(1) Storage locations will process a DIC D9Z in the format provided in the TCM Primer (user manual) to notify the National Inventory Control Point (NICP) that demilitarization has been accomplished.

(2) Storage locations will comply with paragraph 3-17 (Control Number Assignment) when forwarding letters/messages involving TCM/BA and BINARY to the NICP.

(3) Storage locations will maintain the ATR (DA Form 4508) indefinitely per paragraph 3-14d.

3-14. Maintenance of accountable/custodial records. a. All inventory/accountability organizations will maintain the accountable records and custodial records by automated methods. The accountable records will consist of one automated record for each separate depot, NSN condition code and owner. Custodial records will be maintained by NSN, ammunition lot number, owner, condition code, and storage location. Summary balances will be by NSN, condition code and owner.

b. Headquarters quality checking of the accountable records will be accomplished by the TCM personnel within 2 days after receipt of the STU transmission. Each transaction from the depot inventory/accountability organization will be annotated with the initials of the person who posted and quality checked the record.

c. If corrections to the postings are required, they will be posted as a reversal per guidance provided in the TCM Primer (user manual).

d. Unless otherwise notified, accountable and custodial records and supporting documentation will be retained indefinitely.

3-15. Reconciliation of accountable records with WARS data. a. The WARS data will be updated as required from the accountable records of the NICP.

b. The JI will be informed of either a successful reconciliation or of deficiencies encountered in the reconciliation with corrective action requested. The process will benefit the yearly change in responsible property officers at JI in establishing the viability of custodial records. The continental United States (CONUS) locations will assume reconciliation accuracy in the absence of telephone calls or message traffic to the contrary.

3-16. Inventory quality control checks. a. Each transaction posting at the depot inventory/accountability organization and at

IOC will be subjected to a 100 percent quality control check. Entries on the automated location listing and inventory report will be 100 percent verified for completeness and correctness of computations. These checks will be scheduled weekly, if there has been any activity since the preceding quality control check.

b. The quality control checks, as a minimum, will verify the accuracy of postings and compliance with these procedures.

c. All errors found will be corrected immediately and reported to the supervisor for determination of additional training of other action.

d. The individual performing the quality control check will input their initials on each automated accountable record or custodial record to indicate the entry has been checked. This individual at the depot level is ultimately responsible for the accuracy of the records. A memorandum will be sent to the ACTPO advising that the quality control check was accomplished at IOC and the results thereof. The installation inventory/accountability organization will forward a memorandum to the commander or his/her representative advising that the checks were accomplished.

e. All entries made to magazine data cards reflecting quantitative changes will be initialed by a person other than the individual making the changes. The initial will signify the entry is correct based on the information contained in the source document generating the change.

3-17. Document control. a. Storage locations will assign a control number to each message or letter being forwarded to HQ IOC that contains transactions impacting the accountable record. This does not include STU transmissions.

b. Control number will be locally assigned and consist of sequential numeric assignment followed by a dash, followed by the FY; i.e., for TCM/BA 1-93, 2-93, 3-93, etc. for Binary 2001-93, 2002-93, 2003-93, etc.

c. The first message/letter of each FY will reference the last control number submitted the previous FY; i.e., 1-93/18-92.

3-18. Reporting requirements. a. Depots will furnish the following information when there is any inventory discrepancy involving toxic chemical munitions/bulk agents or binary materials:

(1) NSN.

- (2) Condition code.
- (3) Quantity (gain or loss).
- (4) Unit and total price.
- (5) Depot reporting discrepancy.
- (6) Date discrepancy discovered.
- (7) Date and time report received.
- (8) Cause or explanation.
- (9) Probable follow-up action.

b. The above information will be furnished by message and include the following addresses to Commander, HQ IOC, AMSMC-DSC/AMSMC-SS/AMSMC-ASN.

c. All gains and losses reported per this paragraph will be perpetuated to higher headquarters by HQ IOC, when appropriate.

d. Reports submitted per paragraphs a and b require local security office coordination.

e. The IOC TCM personnel will provide a report to the Commander, HQ AMC, Deputy Chief of Staff for Conventional Ammunition, by 30 September each year that all items have been inventoried during the year.

## CHAPTER 4

## PERFORMANCE OBJECTIVES AND REPORTING REQUIREMENTS

4-1. General. This chapter establishes performance objectives and governs the preparation and submission of reports required by HQ AMC to evaluate the effectiveness of the AMC Inventory Control Effectiveness (ICE) Program at ASDAs and depots in CONUS. These reports pertain only to stocks included in the scope of this regulation. Narrative statements will be provided for each failure to meet an AMC goal. Narrative statements will explain why the goal was missed and what actions are being taken to correct the situation.

4-2. Depot Report of Supply Performance (RCS AMCSM-304). a. The AMC goal for MRDs is not more than 1.0 percent for Army-owned and managed (SMCA) materiel.

b. The receiving portion and issue activity of this report is prescribed and included in AMC-R 740-20 and that part pertinent to issue activity is in AMC-Rs 740-22 and 740-23. The portion discussed here pertains to MRD rates reported to HQ AMC.

c. The following types of issues are specifically excluded from this report.

(1) Line items shipped to, by, or for the defense reutilization and marketing office.

(2) Line items issued for the assembly program.

d. The report will be prepared monthly by all HQ IOC installations.

e. The report will be produced by the Industrial Logistics System (ILGS) using data accumulated as a result of materiel release order (MRO) and MRD processing, as of COB on the last day of the month. Denials in management codes 4, B, and X will be information only and not included in the denial rate. This information will be provided via the Centralized Automated Reporting System (CARS) to the Executive Director, USAMC LOGSA, to arrive NLT 2 days after the end of the reporting period each month.

f. If AMC goal (1.0 percent) for MRD performance is not met, narrative statements which explain the shortfall and corrective actions will be provided to HQ IOC, AMSMC-DSC. This information will be provided NLT 15 days after the end of the

report period. The HQ IOC will provide this information to HQ AMC, AMCAM-LG, NLT 30 days after the end of the report period.

g. AMC LOGSA will receive and consolidate report data provided via CARS and make that information available to the Commander of IOC, and AMC via the Headquarters Management Information System (HQMIS) NLT 15 days after the end of the report period.

4-3. ASDA Report of Physical Inventory (RCS AMCSM-307). a. This report provides the data required to determine the status of the inventory program, inventory accuracy, and the adjustment rate for ASDAs. The AMC gross adjustment rate goal for ammunition is .5 percent per quarter, cumulative to 2.0 percent per year. The overall inventory accuracy goal is 98 percent per quarter. For CCSS ASDAs, the report will be produced by the computer as PCN A37CXX4084Q. As an addendum to this report, the following information will be submitted:

(1) The number of DA Forms 444 approved during the quarter (ASDAs and depot-generated).

(2) The cumulative dollar value of inventory gains for the fiscal year.

(3) The cumulative dollar value of inventory losses for the fiscal year.

(4) Number of reports of survey approved for the quarter.

(5) Dollar value of reports of survey approved for the quarter.

(6) \*Number and age of reports of survey open at the end of the quarter.

\*This will be the time from date of initiation at top of Report of Survey until the end of the quarter, only including open Reports of Survey.

TIME

NUMBER

0-30 days  
31-60 days  
61-90 days  
90-120 days  
over 120 days

(7) The total number and extended dollar value of all "RV" coded D8B/D9B adjustments processed (reversals of previous inventory adjustments).

b. The report will be prepared as of the close of business (COB) on the last day of each quarter. An ASDA analysis/narrative explanation will be provided for report elements when prescribed goals are not met. The report and addendum will be forwarded to HQ AMC, AMCAM-LG, to arrive NLT 20 days following the end of the report period.

4-4. ASDA Location Audit Discrepancy Summary Listing (RCS AMCSM-309). a. This report provides data required to determine the accuracy between ASDA and depot records. It is a comparison of both quantitative and catalog data on two records. This report will be reproduced by ASDAs each time the audit is conducted. An interim copy of this report will be submitted to HQ AMC, AMCAM-LG, 5 days prior to the end of the audit match month; i.e., March, June, September, December. The final copy of the report will be submitted to HQ AMC, AMCAM-LG. These final reports will be submitted to arrive NLT 20 days following the end of the month when the audit/match is run at the ASDAs. Parts of the report pertaining to individual depots will be sent to those depots.

b. The AMC audit accuracy goal is 97 percent. The AMC record accuracy goal is 95 percent. When these goals are not achieved, ASDA will provide a narrative statement along with the report. Narratives will explain the shortfalls and corrective actions taken.

c. The product will be produced as PCN A37CXX4144D.

4-5. Depot Inventory Program Status Report (RCS AMCSM-310).

a. This report provides the data required to determine inventory program status. The AMC goal is 15 percent completion in 1st quarter, 35 percent completion by the end of 2d quarter, 65 percent completion by the end of 3d quarter, and 100 percent completion by the end of the fiscal year. The report will be prepared quarterly by all IOC installations.

b. The report will be produced by the ILGS, using data accumulated as a result of the daily inventory scheduling and reconciliation.

c. If the AMC goal for inventory completion is not met, a narrative statement will be provided to the Commander, IOC, AMSMC-DSC. This information will be provided NLT 8 days after the end of the report period. This information will be provided

to HQ AMC, AMCAM-LG, NLT 15 days after the end of the report period.

d. AMC LOGSA will receive and consolidate report data provided via CARS and make that information available to the Commander, IOC, AMSMC-DSC, and HQ AMC, NLT 15 days after the end of the report period.

e. Hard copy reports will be provided to IOC, AMSMC-DSC, NLT 15 days after the end of each quarter.

4-6. ASDA Inventory Error Cause Summary List (RCS AMCSM-893).

a. This report is an accumulation of error causes resulting from causative research. It is produced by the CCSS in three parts. Part I is a summary of error cause codes for causative research as a result materiel release denials, inventory and audit discrepancies. It is produced for each depot, and an ASDA depot summary of allocations is also produced. Part II is a one line summary of the causative research workload. Part III is a record by depot and NSN of research actions that have not been completed within 90 days. The purpose of this report is to identify to all management levels the areas where inventory discrepancies are occurring and the specific causes for these discrepancies.

b. Each quarter the original copy of parts I and II will be attached to the RCS AMCSM-307 report and forwarded to HQ AMC, AMCAM-LG.

c. A copy of part I will be forwarded to the Commander, IOC, AMSMC-DSC, each month.

d. A copy of part I will be forwarded to the applicable storage installation (only those applicable pages) each month.

e. A copy of parts I, II, and III will be retained by the ASDA.

f. The error causes on part I of the report are identified to the responsible organization; i.e., ASDA or depot. Management at the ASDA and depots should use the register as an indicator of problems areas and take appropriate steps to make corrections.



## CHAPTER 5

## QUALITY CONTROL

5-1. General. a. Quality control checks identified in this chapter will be accomplished by the inventory activity at depots using random sample techniques except Toxic Chemical Munitions where a 100 percent check is required. The quality control sampling table (figure 5-1) will be used in the quality checks. Data collected as a result of these quality checks will be used for management purposes to determine weak areas, detect trends, and take corrective actions. When resources are not available to accomplish all required quality control (QC) checks, depots will perform the ones in areas needing the most attention.

b. Depots will accumulate statistics for each inspection characteristic shown for each check within this chapter. These statistics will be used to determine the incidence of error occurrence for each characteristic of each check to show the rate of error. Error rate will be based upon one error per item checked. The incidence of late processing of documentation will be monitored and statistics on late processing will be maintained. However, late processing will not be considered in calculations for determining whether or not the lot is rejected.

c. Rejection of a lot will result in the review of the entire lot to purify records, analyze error causes, and initiate corrective actions. Corrective actions will include procedural changes, training of personnel causing the errors, or other action appropriate as a result of error cause analysis. Tabulations of data showing the individual responsible for the error are required when the sample fails. These data will be retained for review by management.

d. At the end of each month, when discrepancies exist, a report will be provided through channels by the inventory activity to IOC, AMSMC-DSC, and depot commander at depots. The report will summarize the results of each quality check for each area that shows less than satisfactory performance to include the following data.

- (1) Summary of the problem.
- (2) Cause of poor performance.
- (3) Recommended solution.
- (4) Action taken.

e. Succeeding reports will highlight areas previously reported until such areas are performed satisfactorily for 2 consecutive months. Reports will be retained in the inventory activity for a period of at least 12 months.

5-2. Receipt documentation. a. Purpose. To determine the accuracy of depot receipt documentation, compliance with appropriate procedures and directives, posting of receipts to balance records, and types of errors encountered.

NOTE: See paragraph 5-4, Access Control Program, for at-site validation of move/no move.

b. Specifics to be sampled. Materiel receipt documents and materiel:

(1) Box count received compared to documentation on record.

(2) DD Form 250 (Materiel Inspection and Receiving Report).

(3) DD Form 1348-1 (DOD Issue Release/Receipt Document).

c. Point of sampling. Where materiel is received/stored and documents are input.

d. Lot size. All materiel receipts processed during the period.

e. Sampling frequency. Weekly.

f. Sampling table. Figure 5-1.

g. Acceptable accuracy rate. The acceptance number from the sampling table.

h. Inspection characteristics.

(1) Quantity reflected on receipt document does not agree with quantity received.

(2) Receipt not posted correctly to depot record.

(3) Receipt was processed without retrieval of prepositioned material receipt document (PMRD).

(4) Receipt was recorded to incorrect RIC/Owner.

i. Procedures.

(1) Materiel receipts processed will form the lot.

(2) Select a random sample of documents and compare these to the materiel to verify the quantity, NSN, and condition code.

(3) Compare the receipt documentation to the receipt history when posted.

5-3. Input. a. Purpose. To determine the accuracy of things posted to the depot custodial records.

NOTE: See paragraph 5-4, Access Control Program, for at-site validation of move/no move.

b. Specifics to be sampled. All changes to the custodial records.

c. Point of sampling. At sites where movement has occurred and documents are input.

d. Lot size. All custodial record changes.

e. Sampling frequency. Weekly.

f. Sampling table. Figure 5-1.

g. Acceptable accuracy rate. The acceptance number from the sampling table.

h. Inspection characteristics.

(1) Change not processed correctly.

(2) Wrong stock number at location.

(3) Stock not stored at the location.

(4) Incorrect unit of issue.

i. Procedures. Select a random sample, per sampling table, and accomplish the quality check.

5-4. Access Control Program. a. Purpose. To determine accuracy and completeness of the key sheet versus the key input/accuracy of move and no move in storage site.

b. Specifics to be sampled. The Access Control Program daily input listing and move/no move in storage sites.

c. Point of sampling. At the location of the key control person/Access Control Program and the storage site.

d. Lot size. Number of storage sites for which keys were issued.

e. Sampling frequency. Weekly.

f. Sampling table. Figure 5-1.

g. Acceptable accuracy rate. The acceptance number from the sampling table.

h. Inspection characteristics.

(1) Compare move/no move on manual key sheets versus move/no move on the key control input list.

(2) Verify site for validation of move/no move in conjunction with quality check as prescribed in paragraphs 5-2 and 5-3.

i. Procedures.

(1) Retrieve the daily key sheets from previous week.

(2) Retrieve the computer printout for key sheets from previous week.

(3) Perform quality check.

(4) Document discrepancies found and forward through appropriate channels for review, at least one copy will be maintained on file for statistical trend analysis.

5-5. Infloat. Definition: Infloat - Any transaction affecting a particular site where paperwork has not been processed and completed.

a. Purpose. To validate infloat process for completeness and accuracy.

b. Specifics to be sampled. Nine day and 2 day Inventory Infloat Transaction Listings (IITL) (Receipts and MROs).

c. Point of sampling. Sites scheduled for sample period.

- d. Lot size. Total number of scheduled sites on IITL.
  - e. Sampling frequency. Monthly.
  - f. Sampling table. Figure 5-1.
  - g. Acceptable accuracy rate. The acceptance number from the sampling table.
  - h. Inspection characteristics.
    - (1) Causes for cancellation of sites from inventory schedule.
    - (2) Unnecessary/erroneous adjustments generated as a result of infloat transactions.
    - (3) Timeliness and completion of actions.
  - i. Procedures. Select a random sample, per sampling table, and accomplish the quality check.
- 5-6. Physical site inventory counts.
- a. Purpose. To validate the accuracy of physical inventory counts.
  - b. Specifics to be sampled. Inventory control listing and site summary.
  - c. Point of sampling. At the location in the storage site.
  - d. Lot size. The number of physical inventory counts accomplished during the sampling period.
  - e. Sampling frequency. Weekly (quality check must be accomplished as soon after the count as possible).
  - f. Sampling table. Figure 5-1.
  - g. Acceptable accuracy rate. The acceptance number from the sampling table.
  - h. Inspection characteristics.
    - (1) Quantity.\*
    - (2) NSN/DODIC.\*
    - (3) Lot Number.\*
    - (4) Location/grid.

- (5) Magazine Data Card.
  - (a) NSN/DODIC.
  - (b) Lot Number.
  - (c) Site location/grid.
  - (d) Inventory Entry (date, balance, signature).
- (6) Verification of count input.\*

\*NOTE: Only these inspection characteristics will be counted as errors. All others will be forwarded for corrective action/training.

- i. Procedures. Select a random sample, per sampling table, and accomplish the quality check.

#### SAMPLING PLAN FOR QUALITY CONTROL

LOT SIZE	SAMPLE SIZE	ACCEPT NUMBER
2-8	2	0
9-15	3	0
16-25	5	0
26-50	8	0
51-90	13	0
91-150	20	0
151-280	32	1
281-500	50	1
501-1200	80	2
1201-3200	125	3
3201-10000	200	5
10001-35000	315	7
35001-150000	500	10
150001 and over	800	14

Figure 5-1

5-7. Research/adjustments. a. Purpose. To determine that the requirements for research and adjustments are being met as outlined in this regulation, chapter 1; AR 735-5; and AR 710-1.

b. Specifics to be sampled. Stock number research package.

c. Point of sampling. Research activity.

d. Lot size. Number of stock number research packages generated.

e. Sampling frequency. Monthly.

f. Acceptable accuracy rate. The acceptance number from the sampling table.

g. Inspection characteristics.

(1) Proper type of transaction initiated and error cause code assigned.

(2) Research accomplished in a timely manner.

(3) Date of last reconciliation (DOLR) and DOLI properly updated.

(4) Appropriate signatures as required in this regulation.

(5) Supporting documentation on file.

i. Procedures. Select a random sample, per sampling table, and accomplish the quality check.

5-8. Quality control check monthly summary. This format (figure 5-2) will be used by depots to provide information about quality control checks to the Commander, IOC. When any lot fails, the **AMC Form 2209-R-E** (Quality Control Check Summary) (see appendix D) will be accompanied by a memorandum which will explain cause of poor performance and corrective action taken.

HEADINGS	INSTRUCTIONS
DEPOT -----	Enter the Depot name summary is submitted for.
PERIOD -----	Enter the report period applicable to the summary.
FY -----	Enter the applicable fiscal year.
QUALITY CONTROL CHECK -----	This column lists each of the quality control checks. Complete those lines applicable to the depot.
NUMBER LOTS SAMPLED -----	Enter the number of lots sampled during the period.
NUMBER LOTS FAILED -----	Enter the number of sample lots that failed.
TOTAL LOT SIZE -----	Enter the total number of items in lots for the period.
TOTAL SAMPLE SIZE -----	Enter the total number of items sampled for the period.
TOTAL ERRORS -----	Enter the total number of errors for the period, based on one error per item.
PERCENT ACCURACY -----	Enter the accuracy for the period computed as follows:  <div style="text-align: center;"> <math display="block">\frac{100 - \text{Total errors times } 100}{\text{Total sample size}}</math> </div>

Figure 5-2



## CHAPTER 6

### PHYSICAL INVENTORY OF AMMUNITION, EXPLOSIVES AND RELATED COMPONENTS IN SITE SEQUENCE

6-1. Purpose. This chapter prescribes policies, responsibilities, and procedures for conducting physical site inventories and maintenance of records and reports for A & E (Class V) items in HQ IOC and HQ MICOM, wholesale, retail, and demilitarization accounts.

6-2. Scope. This regulation is applicable to IOC installations.

6-3. Policies. a. Accountable records at HQ IOC and HQ MICOM, and custodial records at depots/plants/arsenals will be maintained by automated systems (in most cases ILGS and CCSS). Automated systems used will be capable of mutual interface.

b. Physical inventory of ammunition, explosives and related components (items resident on ASM001 at the depot level) will be accomplished by personnel assigned (either temporary or permanent) in the inventory organization. Custodial records for ASM001 items will be maintained by the inventory organization.

c. Installation commanders will publish internal operating instructions to implement the guidance of this chapter.

d. There will be no transactions processed for the location(s) under inventory during the count period except for adjustment transactions necessitated by the execution of the site inventory program. Handling of the Class V items under site inventory will be held to an absolute minimum. Every practical effort will be exerted to guarantee no physical movement or adjustment action during the site inventory period. All movement or adjustment will be coordinated with the inventory organization to avoid erroneous adjustment to the stockpile.

e. All inventory count and location validations will be accomplished at the same time to avoid requirement to reverse initial NSN summary adjustment. The count process will be accomplished in one visit to the inventory site. Additional physical count of the site stockpile is not authorized.

f. Site summary, count sheets, NSN summary and completed site reports will be maintained as historical reference for a minimum of 2 years of inventory program execution.

g. Custodial records and related documentation will be subjected to external review at least once annually.

h. In conjunction with the Ammunition Inventory Program, each installation will utilize the Ammunition Controlled Access Program (ACAP) designed to monitor site activity in order to determine inventory program requirements for the subsequent fiscal year. The ACAP will be maintained in the inventory organization and updated utilizing daily copies of the installations key register (DA Form 5513-R). The ACAP will be a dBase Program with the following minimum fields:

- (1) Site.
- (2) Category I & II.
- (3) Date of last inventory.
- (4) Date accredited.
- (5) Date of movement.

For sealed sites containing less than Category II materiel, physical inventory may be waived and the count be registered as an accepted count for that inventory cycle. At a minimum, a random sample of 5 percent of sealed structures will be inventoried and the results reported to HQ IOC, AMSMC-DSC. This will validate the ACAP.

For sealed site containing Category I or II materiel, physical inventories will be conducted unless the installation is in possession of memorandums of waiver or exception for a specific site or sites. Category I or II sites will not be included in the annual 5 percent random sample of sealed sites.

i. The use of portable facsimile machines in the ammunition areas will preclude unnecessary trips to and from the area merely for the purpose of reproducing the magazine data card (MDC). The MDC is an invaluable tool used by research and reconciliation personnel in the investigative processes. At the time of discrepancy discovery (the physical inventory), the MDC will be fax copied to the inventory investigative personnel and kept on file until the NSN is rolled up at the summary level and requires causative research.

j. The program replaces an NSN inventory with a location by location inventory with roll-up inventory totals to the NSN level until such time as the total locations for the NSN are completed. Adjustments are plus and minus tabulated and total NSN adjustment

is calculated. The NSN summary immediately passes to the causative research phase for corrective/investigative action.

k. Materiel found on post will be reintroduced into the stockpile via the receipt process. Normally, this will involve a CC:K gain to the inventory.

l. The site inventory is not considered complete until 100 percent of the ASM003 sites are visited. Completion cycle may vary depending upon depot size, requirement and resources.

m. At no time will the magazine data card (MDC) count be used in lieu of the physical count process.

6-4. The program. a. The inventory program is designed to combine the efforts previously executed in the annual location survey and the resulting physical inventory processes. By design, this allows an inventory team to utilize all resources for the purpose of a site inventory of the assets and to adjust the records daily for the site visited. The program will then capture all data to be analyzed for consideration against the total NSN posture. The ILGS system will hold all concluding NSN data until completion of 100 percent of all locations currently storing the NSN. This type of processing allows the installation assurance that the site inventory has been at least updated to the physical posture for the location inventoried. The ICP will be transmitted the daily feed of transactions (D8Z/D9Z) showing that the NSN is in a position possibly requiring corrective adjustment action.

b. Note at this point that the following is recognized as a possibility for the Z transaction:

(1) An incorrect location is reflected on the ILGS files and may be offset by another transaction at a later date.

(2) An unrecorded lot substitution has occurred on the ILGS files and may be offset by another transaction at a later date.

(3) An actual loss or gain has occurred.

c. At the conclusion of all locations for a NSN, the NSN summary will calculate the D8Z against the D9Z and produce a total summary for the NSN. This will be the only indication that a reconciliation (causative) process must begin.

d. An output product will be generated to summarize the inventory count by location.

6-5. The format. a. The schedule process. Using the lot formation listing, the inventory process will begin.

(1) A screen will be generated to schedule the location or locations that will be inventoried. The screen will show the beginning site, ending site, and number of grids to be requested. It is important that only the number of grids that can be completed in one day be requested. This screen will generate the following output:

(a) The site(s) will have an indicator placed on the planograph to indicate that the site is now "Under Inventory Control."

(b) Infloat listings of both 10-day and 2-day will be worked to assure that all infloat is accurate and correct. It is imperative that these listings are fully worked, as the outcome of the inventory accuracy for the site is wholly dependent upon the correct infloat posture.

(c) Where practical, all requisitions must be pulled for this site prior to the completion of the infloat process. ILGS will be enhanced to prioritize the MRO cycle for a site under inventory control to be the last site for stock selection during automatic lot selection.

(d) An Output Reporting Management System (ORMS) product will be generated to supply the Scheduled Count Date File Status List showing the new program method by location, grids, and schedule date.

(e) An additional management tool inquiry will be available to query and produce a completed site report. This query will be capable of on screen reply, by site, or by all. This will assist in the scheduling process and will later be used to report inventory completion rates. The report will also include an indicator that will show how the site was completed (by physical or acceptance) and the number of grids involved.

b. The pull process. This should be day 11 in the site inventory process. As indicated by the Count Date File Status List, the physical process is about to begin. At this time, several options are available and should be carefully considered.

(1) A screen is available for the Delete/Cancel schedule process. If executed, the data will be posted to the Completed Site Report to indicate that a cancel/delete has occurred.

(2) A screen is available for the acceptance of a site and the update of the DOLI (if applicable) of a sites NSNs not physically counted. Once again, the data will be posted to the Completed Site Report to indicate the acceptance method of inventory completion. If the NSNs involved in the site acceptance are resident in other uncompleted sites, the totals will be held on the NSN summary level until completion of all locations. If the NSNs involved have completed all the sites, the program will generate a NSN summary report the same as if the site had been physically counted. A site report will be generated in all cases whether the site has been accepted or physically counted utilizing the access control program.

(3) A count card (ZNK) inventory record will be generated for each record within the requested site(s). This record will be used as the method of reentry of the quantity once the physical process has been completed.

NOTE: The Logistics Application of Automated Marking and Reading Symbols (LOGMARS) application of inventory will be rewritten at a later date and is not included in this regulation.

(4) An output product listing will be generated showing all lines available for inventory at the requested site(s). This will be the hard copy product that will accompany the inventory personnel to the site and assist in the completion of the physical inventory. Included in the product will be space for such annotations as the counter, variances noted, grid changes. Inclusive in this product will also be the count quantity. The count is necessary to avoid return trips to the location. Note that a current planograph should also accompany the team to the site location.

(5) Notify all key control personnel that the inventory is scheduled and that access to this site should be cleared through the inventory proponent from the Day 1 to Day 16 cycle to avoid unmonitored movement of the materiel.

c. The count process.

(1) Materiel in location not on record. The materiel commonly called "found on post" will be annotated and sent through the receiving process using a D6Z receipt transaction. A document number will be locally assigned by the installation. It is anticipated that most of the found on post items will be inducted into the stockpile as CC:K items. These more than likely will be NSNs that can be immediately concluded as NSNs whose summary roll-ups will result in research cases.

(2) Count mismatches. Physical inventories with count variations will be reported in the reentry of the count quantity. These will batch process and generate a ZA4 transaction to the installation records and generate a D8Z/D9Z to the accountable records. The lack of update of the DOLI/DOLR will indicate to the NICP/ICP that the NSN has additional locations that have not been inventoried to date.

(3) Count timeframes. The physical process should be performed within 1 day of the initial pull. The system will allow for reentry of the physical quantities up to the 16th day. The 16th day was given for the purposes of meeting the work schedule of 4/10, 5/4/9, holidays and unscheduled downtime (weather, equipment, resources), but was not intended for the purpose of extended inventory time. To the extent possible all physical inventories are to be accomplished on the first pull date.

(4) Mismatches. As a mismatch is noted by the physical inventory team the MDC in the physical location will be pulled and a copy immediately faxed back to the research personnel. The copied MDC will be filed until such time as the NSN summary is produced for research and reconciliation.

(5) Variance reporting. Grid, warehousing, structural conditions that were previously reported will be recorded on the count sheet. Ability to load variances and grid changes may be manually tracked through a card elimination file and will complete the location validation portion of the program.

d. Input ZNK quantities. On days 12 through 16 the physical quantities must be reentered into the inventory system. A screen will be available containing the original ZNK image. The quantity field will be overlaid and the information sent to batch processing. The following is a list of possibilities following the quantity input.

(1) At the conclusion of the quantity input for all lines in the site, the site will be released from inventory control. The site DOLI will be updated on the ASM003 file. The site will now be an updated, accurate site and will be monitored throughout the next year for any entry.

(2) The site summary will be produced for the location. Statistics on the summary will show balanced NSNs, adjusted NSNs (to include type transaction processed) and date.

(3) All NSNs in the site will go to the NSN roll-up phase. If this site concludes all the sites for the NSN, a NSN summary will be produced showing the occurrences of D8Z/D9Z

transactions and the total effect. This will show also a totally balanced NSN. The NSN is now complete and the research and reconciliation phase (previously IERL) begins. If this site does not conclude the NSN, the information is held awaiting the final location counts. Remember: You must count all sites or accept the sites to achieve a NSN summary. At the time an NSN summary is produced a DOLI will be initiated. At the time a research and reconciliation is concluded a DOLR will be initiated. Capability is available to manually update both the DOLI and DOLR.

(4) Transactions to be used include the ZA4 at the installation level with a management code (Y) to indicate a loss/gain as the result of the inventory process. The D8Z/D9Z will generate to the NICP also with a management code (Y) to indicate a loss/gain as the result of the inventory process.

(5) A Date Exceed list will generate daily if ZNK is not input.

e. Research and Reconciliation. All ZA4 transactions generated during the inventory process are candidates for reversal, therefore, reversal capability has been written into the program. Many of these ZA4 transactions will offset each other, due in part to materiel posted in erroneous locations or failed lot substitution actions. Both of these are transparent to the accountable level and will result in no reversal activity. However, all ZA4s without an offsetting action will require a reversal action of some type. These may be, but are not limited to, the following:

(1) D6 for incorrect receipt posting.

(2) ZMR/ZMX actions incorrect.

(3) D8A/D9A or other type inventory adjustment as warranted by the research.

f. Cancellation/denial/issue inaccuracies. Perform causative research, form your conclusions, process corrective transactions and report as required by the type transaction indicated. Maintain all output products of the inventory process to be incorporated in the research package. The site summary or summaries involved, and the NSN summary will be the baseline of all research packages. Additionally, a skeleton D type transaction will be resident on SAM035 to be used once the research is completed and corrective action is initiated. The transaction will transceive straight to the owner.

g. Inventory complete. The inventory will be considered complete when 100 percent of the inventory has been completed.

6-6. Unscheduled/special requests. These inventories are available and will be used in the cases not satisfied with the site-by-site inventory process. The capability to inventory by NSN will exist for the purpose of satisfying an emergency requirement, denial research, or non single-managed and retail requests.

6-7. Special number items. Serial numbers are unique to the inventory by site program in that the actual serial number of the item must be manually validated using a planograph and ammunition lot file inquiry in the accomplishment of the physical inventory. A ZNK image will not be created for each serial number in the location. A roll up total will be required at the reentry phase after physical inventory has been taken.

The proponent of this regulation is the United States Army Materiel Command. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) to the Commander, HQ AMC, ATTN: AMCAM-LG, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

FOR THE COMMANDER:

OFFICIAL:

RAY E. McCOY  
Major General, USA  
Chief of Staff

LEROY TILLERY  
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DISTRIBUTION:

Initial Distr H (47) 1 ea HQ Acty/Staff Ofc  
LEAD (SDSLE-DOI) (2)  
AMCIO-I-SP stockroom (50)  
MSCs & Account Holders, 2 ea (200)  
IOC, ATTN: AMSMC-DSC (20)



APPENDIX A

STANDARD ORGANIZATION FOR DEPOT AMMUNITION  
INVENTORY MANAGEMENT FUNCTION

A-1. Mission. The mission of the depot ammunition inventory function is to manage all inventory, location audit/match, and inventory quality control programs and associated research for all classes of supplies and consolidated property account materiel. The inventory management function also manages and maintains the custodial balance file through adjustment, reclassification, reidentification, catalog change, and file maintenance actions.

A-2. Special relationships. The Depot Ammunition Inventory function will--

a. Maintain liaison with depot elements, ASDAs, consignees, and other departmental agencies.

b. Coordinate and perform inventories and location audits for other Department of Defense (DOD) services/agencies and General Services Administration (GSA).

c. Maintain surveillance on all functions or practices that have a bearing on inventory accuracy and the custodial record. Provide representation on Command Inspection Team (CIP) review teams and provide technical assistance on depot inventory procedures as required by higher headquarters.

d. Provide technical assistance worldwide related to depot inventory management.

e. Serve as the depot action element for investigation/resolution of customer complaints involving shortages, overages, and incorrect materiel shipped to field customers.

A-3. Functions. a. Plan and schedule inventories to meet established timeframes and program requirements. Compute inventory workload capabilities based on known standards, and provide capabilities to IOC for ammunition long-range planning.

(1) Plan and schedule for inventory of depot-owned stocks.

(2) Schedule research actions for resolution of discrepancies in receipts and shipments concerning shortages, overages, and incorrect items. Schedule and coordinate research

actions for resolution of discrepancies in reclassification and reidentification.

(3) Plan and schedule location audit/matches. Coordinate audit/matches and audits with Army ASDAs and other service/agency ASDAs.

(4) Implement directives by developing work methods and procedures for conducting inventories and audit/matches for the depot.

b. Establish and maintain the training schedule for the division, and assure that all personnel are afforded the opportunity to receive formal and on-the-job training as it becomes available.

c. Coordinate, plan, and schedule inventories, location audit/matches, and other inventory-related actions with other depot activities concerned with inventory functions.

(1) Maintain progress and evaluation charts and records on inventories and location audit/match programs.

(2) Control the input to, and output from, data systems activities of all documentation pertaining to scheduled and unscheduled inventories, and location record audit/match programs, etc.

(3) Collect, assemble, compute, and analyze statistical data required for preparing internal and external reports pertaining to performance, and location record audit/matches. Analyze cost and performance data to provide explanation of unusual trends; forecast manpower requirements based on work performance and workload data. Prepare and submit statistical and performance reports pertaining to operation of the depot ammunition inventory program.

(4) Maintain liaison between HQ AMC, IOC, ASDAs, consignees, other departmental agencies, and other depot operations.

(5) Evaluate performance and effectiveness of the inventory system to include extensive review and analysis of representative errors detected during inventory, making recommendations to higher headquarters for improvement of the overall program.

(6) Participate in feasibility and application studies for determining new systems and devices to be used for

accomplishing integrated data processing related to inventory functions.

(7) Coordinate disposal actions resulting from stock number deletions and unit of issue changes with appropriate accountable activities.

(8) Prepare and submit reports on the findings developed through analysis of potential materiel release denial investigations, including final disposition.

(9) Perform inventory quality control checks of the central ammunition locator file, inventory accuracy, adjustment processing, and Interservice Location Record Audit. Submit reports to depot commander.

(10) Perform various administrative tasks and prepare a variety of correspondence and maintain central control of all correspondence for the ammunition inventory program.

d. Conduct detailed and technical research, audit, and analysis of facts related to inventory programs, and location audit/matches, determine causes and provide explanations for variances between stocks and records.

e. Investigate potential warehouse denials and initiate action for spot inventories. Conduct research and detailed analysis, determining cause of errors as a result of warehouse denials, research requests, and requests from DOD services/agencies, and GSA.

f. Accumulate data as to cause for inventory discrepancies and record data by type of discrepancy. Initiate actions to strengthen procedures, establish controls, improve training, and other corrective actions to eliminate causes for recurring discrepancies.

(1) Compile transaction histories; perform detailed and technical research, audit, and analysis of documents, records, methods, and procedures to determine cause of discrepancies; make decisions for corrective action required to eliminate deficiencies.

(2) Prepare, investigate, research, and submit Reports of Survey required by accountable property officers; perform preliminary research incidental to Reports of Survey.

(3) Obtain current balance listing and research receiving documents, registers, listings, count records, old locations, transaction and document histories, as required, to

reconcile balances and to stratify manager and/or owner assets, prior to submitting recommended adjustments, initiating inventories as required.

(4) Conduct and expedite research in response to ASDA requests for stock availability to satisfy urgent requirements. Initiate actions including transactions necessary to effect proper accounting and shipment.

(5) Initiate, control, and submit adjustments resulting from inventory, reclassification, reidentification, and the detection of concealed discrepancies. Maintain an adjustment document control register for each accountable activity, and initiate changes to the custodial balance, as required.

g. Edit reclassification and reidentification changes, determine appropriate coding, and assign document numbers after proper coordination with initiating activity. Analyze rejects from data system, resolving discrepancies through research of facts and circumstances surrounding the related actions.

(1) Control processing of reclassification documents for materiel moving to and from maintenance activities, including all reconditioning and programmed maintenance work order disassemblies. Establish and maintain related jacket files of work orders for monitoring the timely return of completed materiel and for preparing listings for periodic reconciliation of materiel not returned to storage.

(2) Prepare transaction histories required to support adjustments or for accountable property officers.

(3) Establish and maintain files of adjustments, warehouse denials, inventory count record, etc.

(4) Coordinate and maintain supply files on suspension/release of defective materiel.

h. Serve as the coordinating activity for the depot to process follow-up actions, respond to ASDAs with regard to minimizing assets recorded in nonissuable condition codes; prepare and maintain source documents required to support adjustment actions. Processing of these actions will not be accomplished on items involving quality assurance/quality control technical resolutions until recommended disposition instructions are received from the depot quality assurance.

i. Control and maintain files for discrepancy reports on shipments within the depot directorate for ammunition. Coordinate with the depot directorate for ammunition for decision

on resupply or return of materiel. Initiate unscheduled inventories to verify recorded balances of items, when the recorded balance is in question due to a reported discrepancy.

j. Control and maintain files on suspension/release of materiel involved in shortages, overages, or incorrect item complaints. Initiate supply action or request disposition instructions.

k. Receive and control all master catalog and management data from LOGSA and ASDAs to update the DSNMDR. Receive and control the distribution of the Army master data furnished by LOGSA for use by the various depot activities.

(1) Schedule accomplishment of all catalog changes to the DSNMDR to ensure effective change dates are met. Notify appropriate depot elements for update of files, records, and stock identification.

(2) Receive and process supply management data (DIC DZC) from ASDAs affected by logistical transfers, capitalization and decapitalization, indicating retention of transfer of assets as applicable. Coordinate with ASDAs to determine whether all DZC data have been received and report discrepancies to the ASDA for appropriate action to protect the Army-owned assets.

(3) Review, analyze, coordinate, process, and control all item data changes to the DSNMDR and conduct research necessary to correct rejected data. Advise of deficiencies.

(4) Review all items with on-hand balances identified with other than valid NSN and take appropriate action with applicable Army ASDA, or other service/agency ASDA.

(5) Research to verify stock numbers found during inventory to assure correct additions are posted to the DSNMDR.

(6) Refer to LOGSA all errors and deficiencies found in the Army Master Data File or DSNMDR concerning supply management data, e.g., unit price, materiel category codes, unit of issue, manager or recoverability code.

(7) Maintain liaison with Army ASDAs and other service/agency ASDAs which initiate changes affecting the DSNMDR.

(8) Prepare, control, and submit DA Form 1988A, Request for Review of an Item, per AR 708-1.

(9) Comply with provisions of AR 708-1 in assigning, processing, and controlling management control numbers (MCN).

APPENDIX B

STANDARD ORGANIZATION FOR ACCOUNTABLE SUPPLY  
DISTRIBUTION ACTIVITY (ASDA)  
INDUSTRIAL OPERATIONS COMMAND  
AND MISSILE COMMAND

B-1. Mission. Services as the ASDA and control point for command-owned or managed assets; assures accomplishment of physical inventories; and administers the loan and customer complaints program. Serves as condition code coordinator for assigned condition codes and interfaces with the Unissuable Materiel Visibility Program. Provides technical assistance to storage activities on all matters relating to due-in control and receipt. Provide member to the Functional Coordinating Group (FCG), Full Volume Testing, Command Inspection Team (CIP) teams, and other inventory-related activities. Provides reports and analyses as required.

B-2. Special relationships. The ASDA will --

a. Maintain liaison with ASDA elements, installations, and other departmental agencies.

b. Coordinate and perform inventories and location audits for other DOD services/agencies and GSA.

c. Maintain surveillance on all functions or practices that have a bearing on inventory accuracy and the accountable record.

d. Serve as the ASDA action element for investigation/resolution of customer complaints involving shortages, overages, and incorrect materiel shipped to field customers.

B-3. Functions. a. Inventory Control Function will--

(1) Provide technical assistance to the storage activities on all matters pertaining to inventory, reclassification, and reidentification of managed and owned materiel.

(2) Serve as the command inventory coordinator for coordination with depots, other service storage locations, and control activities for adjustments and reconciliation of counts, discrepancies in accountable records and reports. (Inventory

coordinator duties may be assigned within accountability functional area.)

(3) Receive, process, control, and manage Reports of Survey and Inventory Adjustment Reports through completion.

(4) Perform preadjustment and causative research (including denials, zero balance flashers, frozen assets, and nonresolved discrepancy listing) of physical inventory location audit, as required.

(5) Maintain Inventory Error Cause Summary for inventory adjustments.

(6) Manage, control, and input reconciliation, location audit, and quantitative adjustments to the accountable records, to include other inventory managers, other service items of which command is an owner. Also, maintain the project manager (PM) owned asset inventory accountability for assigned PM.

(7) Collaborate and assist in the development of inventory programs with systems and functional personnel, both internal and external to the command.

(8) Research and resolve, in coordination with item managers, depots, or other divisions, all credit balances and provide reason and resolution.

(9) Serve as primary control for Request for Review of an Item (DA Form 1988A). Manage all MCN-I to include inventory adjustments, location record audit, causative research, and associated rejects.

(10) Management adjustment rejects, determine causes through research, and process necessary actions to correct the accountable records.

(11) Maintain off-line accountability for classified assets and special projects as approved by Army Materiel Command.

(12) Provide technical advice on all inventory system problems. Identify requirements for systems change requests relating to all inventory systems.

b. Receipts Control Function--

(1) Provide technical assistance to storage activities on all matters relating to due-in control and receipt processing.

(2) Review, coordinate, and approve the receipt processing system and procedures for the ASDA.

(3) Assure that due-in records are established in a timely manner and updated, as required.

(4) Receive and process hardcopy documentation.

(5) Determine corrective actions for receipt reject transactions by researching and analyzing catalog data, existing due-in records, and shipping documentation, and by contacting storage activities for verification of data.

(6) Maintain receipt support documents, as required.

(7) Manage overdue receipt program to ensure timely receipt processing at both the depot and ASDA. This is required to enhance stock availability, to assure prompt contractor reimbursement, to maximize Government discounts, and to reduce overstatement of asset position as reflected in supply control studies.

(8) Reduce the opportunity for waste, fraud, and abuse by ensuring that items shipped from contractors or returned from field units are properly recorded.

c. Management Support Function--

(1) Receive, control, investigate, and resolve customer complaints involving shortages, overages, and incorrect materiel shipped to customers. Provide disposition instructions on Quality Deficiency Reports as directed by Product Assurance.

(2) Receive, control, research, and forward instructions on NSN deletions.

(3) Transfer accountability of assets being logistically reassigned.

(4) Control unissuable assets (condition J, K, and L) for all commodity MSCs and condition code N for MICOM only. Notify the depot to reclassify condition codes D and P when requested by the item manager.

(5) Receive, control, and process requests for equipment loan, bailments, temporary issues, leases, and renewals to other Government or non-Government agencies. Develop and maintain signed agreements and initiate supply action for loans, issue, bailment, or lease items. Submit agreements to higher headquarters for approval. Maintain accountable records of items



issued and ensure return of transfer of accountability. Negotiate with loanee for reimbursement of renewals of agreements, if applicable.

(6) Serve as the coordinator for control and monitoring of repairables from depot to contractors for repair. Release assets for shipment as required by the contract, ensure receipt at the contractor's site, and process transactions to update accountable records. Receive production and inventory reports from contractors, reconcile asset accountability at overhaul sites to maintain the integrity of the accountable records, and research and process adjustments as necessary.

# CUSTODIAL STOCK RECORD

(AMC-R 740-27)

NSN:	DODIC:	UNIT ISSUE:	CONDITION:	RIC (OWNER):	ASDA:	ICC:	PSC:	SCIC:	LOT NUMBER:
A	B	C	D	E	F	G	H	I	J

**NOMENCLATURE:**

[illegible]

AMC FORM 2510-R-E  
JAN 95

**Previous forms may be used until exhausted.**

# QUALITY CONTROL CHECK SUMMARY

(AMC-R 740-27) PERIOD FY

QUALITY CONTROL CHECK	NO. LOTS SAMPLED	NO. LOTS FAILED	TOTAL LOT SIZE	TOTAL SAMPLE SIZE	TOTAL ERRORS	PERCENT ACCURACY
RECEIPT DOCUMENTATION (DEPOT)						
LOCATION SURVEY (DEPOT)						
LOCATION INPUT (DEPOT)						
PHYSICAL INVENTORY COUNTS (DEPOT)						
MATERIEL RELEASE DENIALS (DEPOT)						
ADJUSTMENTS (DEPOT)						
INTERSERVICE LOCATION RECONCILIATION (DEPOT)						
ISSUES (ASDA)						
RECEIPTS (ASDA)						
ADJUSTMENTS (ASDA)						
REPORTS OF DISCREPANCY (ASDA)						
INTERSERVICE LOCATION RECONCILIATION (ASDA)						

(Previous edition may be used until exhausted)

## GLOSSARY

AAA	Army Audit Agency
ACAP	Ammunition Controlled Access Program
ACTPO	Accountable Property Officer
ADP	automatic data processing
AMC	U.S. Army Materiel Command
AMDF	Army Master Data File
ARO	shipping confirmation
ASDA	accountable supply distribution activity
ATR	Ammunition Transfer Record
CARS	Centralized Automated Reporting System
CAWCFA	Conventional Ammunition Working Capital Fund Account
CBDCOM	U.S. Army Chemical and Biological Defense Command
CC	condition code
CCSS	Commodity Command Standard System
CDSA	USAMC Central Systems Design Activity
CICO	Centralized Inventory Control Organization
CID	Criminal Investigation Division
CIIC	controlled item inventory code
CIP	Command Inspection Program
COB	close of business
CONUS	continental United States
DAC	document adjustment code
DACS	U.S. Army Defense Ammunition Center and School
DCS	Deputy Chief of Staff
DIC	document identifier code
DKA	inventory notification card
DOD	Department of Defense
DODIC	Department of Defense Identification Card
DOLI	date of last inventory
DOLR	date of last reconciliation
DSNMDR	Depot Stock Number Master Data Record
FCG	Functional Coordinating Group
FY	fiscal year
GSA	General Services Administration
HQ	Headquarters
HQMIS	Headquarters Management Information System
IAR	Inventory Adjustment Reports
ICC	inventory category code
ICE	Inventory Control Effectiveness
ICP	Inventory Control Point
IG	Inspector General
IITL	Inventory Infloat Transaction Listings
IL	International Logistics
ILGS	Industrial Logistics System (formerly SDS)
IMD	Inventory Management Division
IOC	Industrial Operations Command

IPD	issue priority designator
IRRD	Issue Release/Receipt Document
ISA	installation supply account
ISAMDR	Installation Supply Accounting Master Data Record
ISR	Inventory Status Report
ISSA	Interservice Support Agreements
LOGMARS	Logistics Application of Automated Marking and Reading Symbols
LOGSA	USAMC Logistics Support Activity
MCN	management control number
MCNI	Management Control Numbers-Inventory
MDC	magazine data card
MDR	master data record
MICOM	U.S. Army Missile Command
MRD	materiel release denial
MRO	materiel release order
MSC	major subordinate command
NICP	National Inventory Control Point
NLT	not later than
NSN	National Stock Number
NSNMDR	National Stock Number Master Data Record
OML	order merit listing
OP	ownership/purpose
ORMS	Output Reporting Management System
PAT	Process Action Team
PCN	product control number
PM	project manager
PMRD	prepositioned material receipt document
PRP	Personnel Reliability Program
QC	quality control
RCS	Requirement Control Symbol
RIC	routing identifier code
ROD	Report of Discrepancy
RPO	radiation protection officer
SICA	service item control activity
SIMA	Systems Integration Management Activity
SMCA	Single Manager for Conventional Ammunition
SOP	standing operating procedures
STU	Secured Telephone Unit
TCM/BA	Toxic Chemical Munitions and Bulk Agents
TECOM	U.S. Army Test and Evaluation Command
TQM	Total Quality Management
UI	unit of issue
WARS	Worldwide Ammunition Reporting System
ZNK	count card